

Message Text

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ACTION EB-07

INFO OCT-01 CIAE-00 COME-00 DODE-00 NSAE-00 MC-02 ACDA-05

TRSE-00 EUR-12 ERDA-05 ISO-00 ERDE-00 SSO-00 EA-06

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O 121442Z JUN 75

FM USMISSION OECD PARIS

TO SECSTATE WASH DC IMMEDIATE 7502

C O N F I D E N T I A L OECD PARIS 15144

EXCON

E.O. 11652 XGDS1

TAGS: ESTC, COCOM, BE, RO

SUBJECT: BELGIAN N/C JIG BORING AND MILLING MACHINE TO
ROMANIA - IL 1091

REFS: A. COCOM DOC. (75) 797

B. OECD PARIS 11584

C. OECD PARIS 14585

1. IN TELEPHONE CALL TODAY, BELGIAN DEL
APPEALED FOR PROMPT STATEMENT BY US OF POSITION OR
QUESTIONS. BESIDES FACT THAT FIRM HAD ALREADY CON-
CLUDED CONTRACT IN MISTAKEN ASSUMPTION THAT MACHINE WAS
UNEMBARGOED (SEE REF B), HE INVOKED EXTREME ECONOMIC
URGENCY.

2. HE STATED THAT IF THE TRANSACTION IS NOT APPROVED BY
END OF JUNE, BELGIAN APPLICANT FIRM PEGARD WILL BE
FORCED TO LAY OFF WORKERS, HAVING INSUFFICIENT ORDERS
FROM OTHER SOURCES TO SUPPORT PRESENT WORK FORCE. IT
IS PRACTICALLY THE ONLY BELGIAN FIRM REMAINING IN THE
MACHINE TOOL INDUSTRY, HE SAID, OTHERS HAVING BEEN
FORCED OUT OF BUSINESS BY CURRENT RECESSION. LAYOFFS
WILL REQUIRE PRIOR CONSULTATION WITH UNIONS, TO WHOM
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PEGARD HAS ALREADY HELD OUT THE HOPE OF CONTINUED EM-

PLOYMENT BY THE PROMISE OF FURTHER ORDER FROM ROMANIA OF 10 MORE MACHINES OF THIS TYPE. IT WILL BE DIFFICULT TO EXPLAIN TO THE UNIONS, CONTINUED BELGIAN DEL, WHY THE CURRENT ORDER, OF SUCH IMPORTANCE TO PEGARD, HAS BEEN DENIED OR DELAYED WHEN THE MACHINES INVOLVED DO NOT INCORPORATE ADVANCED TECHNOLOGY AND THEIR USE FOR MILITARY PURPOSES IS NOT EVIDENT. UNDER THESE CIRCUMSTANCES, HE THOUGHT COCOM DOC. REG (73)3, PARAGRAPH 1 (D), INVOLVING OVERRIDING ECONOMIC, POLITICAL OR SOCIAL DAMAGE, COULD BE BROUGHT INTO PLAY.

3. A TECHNICAL EXPERT OF PEGARD CAN BE IN PARIS ON JUNE 17 TO ANSWER, ON THE SPOT, ANY QUESTIONS US MAY HAVE, HE SAID.

4. ACTION REQUESTED: PROMPT INSTRUCTIONS TO APPROVE CASE OR PUT QUESTIONS--IN NO EVENT LATER THAN JUNE 17. US AGENCIES WILL RECOGNIZE POTENTIAL DANGERS IN CONTINUED SILENCE ON THIS CASE IN PRESENT ECONOMIC SITUATION. TWO DAYS AGO IT WAS RESCHEDULED AT JUNE 10 REGULAR MEETING AND USDEL MAINTAINED RESERVE AND REQUESTED TIME EXTENSION IN ABSENCE OF INSTRUCTIONS. BELGIAN DEL GRANTED ONE WEEK (TO JUNE 17) BUT RECORDED HIS AUTHORITIES' "EXTREME DISAPPOINTMENT" AT US SILENCE. HE ALSO ASKED WHETHER US INABILITY TO STATE A POSITION HAD TO DO WITH FORMULATION OF OUR REVISED LIST REVIEW PROPOSAL ON IL 1091. WE WERE UNABLE TO ANSWER THIS QUESTION.

5. TO THESE CONSIDERATIONS WE ADD OUR NOT VERY GOOD PERFORMANCE DURING ROUND III OF LIST REVIEW WHICH HAS DONE ENOUGH TO IRRITATE OTHER DELS. ON TWO RECENT OCCASIONS BELGIAN DEL HAS BROUGHT TECHNICAL EXPERTS TO PARIS FOR LIST REVIEW DISCUSSIONS, ONLY TO SEE THE DISCUSSIONS INDEFINITELY POSTPONED BECAUSE THE US WAS WITHOUT INSTRUCTIONS. MUST WE ADD A FURTHER IRRITANT?
KATZ

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: IL 1091, EXCEPTIONS LIST, STRATEGIC TRADE CONTROLS, BUSINESS FIRMS
Control Number: n/a
Copy: SINGLE
Draft Date: 12 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GarlanWA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975OECDP15144
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: X1
Errors: N/A
Film Number: D750205-0326
From: OECD PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750657/aaaabzmv.tel
Line Count: 98
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 COCOM DO(7797
Review Action: RELEASED, APPROVED
Review Authority: GarlanWA
Review Comment: n/a
Review Content Flags:
Review Date: 09 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: WITHDRAWN <14 MAY 2003 by MartinML, 3.4.X9>; RELEASED <09 JUN 2003 by GarlanWA>; APPROVED <09 JUN 2003 by GarlanWA>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BELGIAN N/C JIG BORING AND MILLING MACHINE TO ROMANIA - IL 1091
TAGS: ESTC, BE, RO, COCOM
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006